Saskatchewan Municipal Board

2015 Annual Report

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This annual report is also available in electronic format from the Board's website at www.smb.gov.sk.ca.

Letters of Transmittal

Her Honour, the Honourable Vaughn Solomon Schofield
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I respectfully submit the Annual Report of the Saskatchewan Municipal Board for the year ending December 31, 2015.

Jim Reiter
Minister Responsible
for the Saskatchewan Municipal Board

The Honourable Jim Reiter
Minister Responsible for the Saskatchewan Municipal Board

It is my honour to submit the Annual Report of the Saskatchewan Municipal Board for the year ending December 31, 2015.

Dianne Ford
Chair

Introduction

The Saskatchewan Municipal Board's (the Board) annual report outlines results and outcomes for the year ending December 31, 2015. It reports to the public and elected officials the commitments and key accomplishments of the Board.

The 2015 Annual Report is presented in relation to the vision and goals outlined in the Board's 2015-18 Strategic Plan.

The Report demonstrates progress made on Government commitments as stated in the Government Direction for 2014-15: Steady Growth, the Minister's Mandate letter, throne speeches and other commitments and activities of the Board.

The Report also demonstrates the Board's commitment to effective performance reporting, transparency and accountability to the public.

Alignment with Government's Direction

The Board's activities in 2015 align with Government's vision and four goals:

Our Government's Vision

"... to be the best place in Canada – to live, to work, to start a business, to get an education, to raise a family and to build a life."

Government's Goals

They include: sustaining growth and opportunities for Saskatchewan people; meeting the challenges of growth; securing a better quality of life for all Saskatchewan people; and delivering responsive and responsible government.

The Board supports the Government's plan for growth by:

- Supporting local authorities, primarily municipalities, in ensuring fiscally sustainable growth.
  - Providing advice and regulatory approval on capital financing, debt management, sewer and water rate establishment and other related financial matters.
- Supporting local authorities in meeting the challenges of growth.
  - Adjudicating applications for alteration of municipal boundaries or amalgamation of municipalities where there is a disagreement.
  - Hearing and deciding property assessment and planning appeals.
- Delivering responsive government.
  - Providing timely decisions and support.

Board Overview

Vision Statement

> *"Focusing on excellence in customer service, the Saskatchewan Municipal Board exemplifies leadership as an administrative tribunal that provides timely, reasoned, consistent decisions and approvals."*

The Board is an administrative tribunal established for regulatory and quasi-judicial purposes in dealing with issues from local authorities.

Additionally, the Board serves as the Board of Revenue Commissioners (BRC). The BRC is responsible to hear and decide appeals on taxes assessed by the province and approves write-offs and cancellations of debt owing to the province.

Key stakeholders include local authorities, ratepayers, developers, tax agents, financial institutions, Crowns and ministries.

Located in Regina, the Board is staffed with 13 full-time equivalents, which includes four full-time board members. Additionally, the Board has 12part-time members located throughout the province.

The Board fulfills the majority of its mandate through "working" committees, which include: Local Government Committee, Municipal Boundary Committee, Assessment Appeals Committee, Planning Appeals Committee, Road Maintenance Agreement Committee, Weed Control Appeals Committee and Fire Prevention Appeals Committee.

The Board's organization chart is included on page 18.

Mandate

The Board is legislatively mandated to exercise discretion of a regulatory and quasi-judicial nature.

The Board's regulatory function is to review the debt obligations of some local authorities and oversee the financial health of municipalities.

The judicial function is to hear and determine appeals from the public, at the provincial level. These include property tax assessment appeals, municipal planning and development issues, municipal boundary issues and road maintenance agreements.

Progress in 2015

The 2015-18 Strategic Plan continues to rejuvenate the Board by implementing recommendations from a Board Review, best practices for administrative tribunals and stakeholder feedback.

The Strategic Plan establishes two thematic goals:

1. Issue appeal decisions within an average of 60 days from date of hearing completion.
2. Issue decisions on Local Government Committee applications an average of 45 days from receipt of a complete application.

And three supporting goals:

1. Streamline stakeholder applications and appeal processes.
2. Acquire and implement technological solutions that will support the attainment of the Strategic Plan.
3. Enhance customer service and stakeholder relations.

Performance Measurement

Issue Appeal Decisions within an Average of 60 Days from Date of Hearing Completion

Results

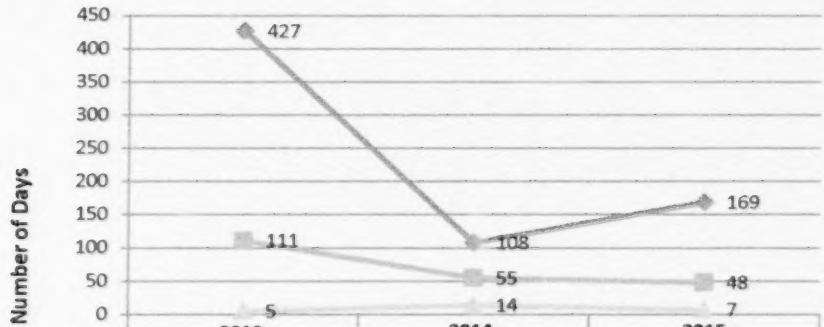
As outlined in Figure 1, the average number of days from hearing completion until the decision is issued decreased significantly during 2014 and 2015. The Board continues to see improvements through adopted best practices, monitored timelines and tools created and updated for its members. In 2013, the average number of days was 111. In 2014, the average decreased to 55 days and in 2015 this was further reduced to 48 days.

In 2013, only 25% of the decisions were issued within the 60 day target. In 2014, this improved to 71% and for 2015 it was further increased to 77% of the decisions being issued within 60 days.

Key Actions Contributing to the Results

Several factors have contributed to the success achieved to date and the continued strides in reducing decision timelines. These include:

Number of Days: Hearing until Decision Issued



	2013	2014	2015
Highest number of Days	427	108	169
Average Number of Days	111	55	48
Least Number of Days	5	14	7

FIGURE 1

- Ongoing professional development, increasing capacity in board members and staff.
- Realignment and reorganization of positions and corresponding staff changes.
- Creation and continued revision of tools to support the efficiency and effectiveness of the hearing and decision writing process.
- Setting benchmarks, monitoring progress, resolving issues as they arise.

Issue Decisions on Local Government Committee Applications an Average of 45 Days from Receipt of a Complete Application

Results

In 2015, the average turnaround time from application receipt to approval improved to 38 days compared to 48 days from the previous year, by streamlining the analyst review process.

Figure 2 summarizes the average turnaround for each type of application. The overall number of applications approved during 2015 decreased slightly compared to 2014.

Figure 3 outlines the number of complete applications received. It is anticipated measurements will continue to improve in 2016.

Key Actions Contributing to the Results

- Establishing a tiered approach to better manage and analyze incoming applications.
- Staff changes and using a team approach to attain goals.
- The creation and revision of procedures for Sewer and Water, Borrowing and Debt Limits.

Average Turnaround Time (days)

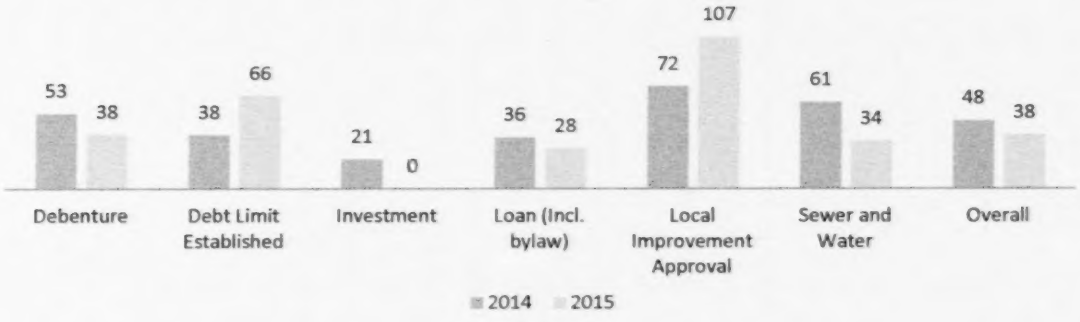


FIGURE 2

Number of Applications Complete

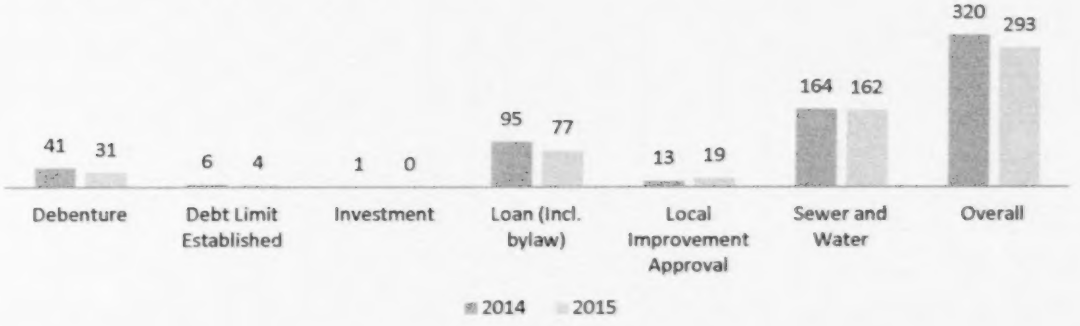


FIGURE 3

Supporting Goals:

Key Actions and Results

Streamlined Applications and Procedures

- Continued process reviews, including the development of simplified, user-friendly application forms and guidelines to support the approval process and standardization across all committees.

Technological Solutions to Support the Strategic Plan

- Continued use and enhancement of BoardEffect, a paperless hearing technology allowing part-time members more timely access to information.
- Continued implementation of an integrated software solution (ProLaw). Provides a coordinated platform to implement standard work processes and improves reporting capabilities.
- Ongoing redevelopment of content and forms for website upgrade, leveraging development completed for Saskatchewan.ca.

Enhanced Customer Service and Stakeholder Relations

- Enhanced stakeholder relationships by attending annual conferences and association meetings, hosting stakeholder meetings, and providing presentations and information sessions as requested.
- As outlined in Figure 4, overall 98% positive comments from customer satisfaction surveys distributed with decisions to Local Government Committee applicants were received. Results provide feedback and identify areas of improvement.

Satisfaction Rate

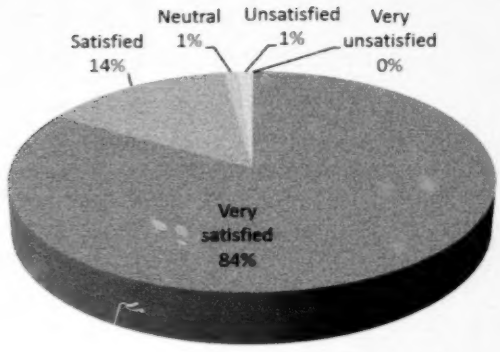


FIGURE 4

Activity by Key Area

Local Government Committee

Major Activities

- Approve long-term borrowing including issuing debentures.
- Approve local improvements.
- Approve sewer and water rates for towns, villages, rural and northern municipalities.
- Provide advice and assistance to stakeholders.

The purpose of approving long-term borrowing and local improvements is to ensure financial stability of local authorities and compliance with legislation.

The purpose of approving sewer and water rates, charges, tolls or rents, as they relate to service, is to ensure they are equitable for users and the utility is self-sustaining or moving in that direction.

In 2015, there were a total of 293 applications approved. This was a slight decline from 320 in 2014.

There were 162 sewer and water rate approvals issued totalling 55% of all applications received.

This remained consistent with the 164 approvals in 2014.

Type of Applications Received

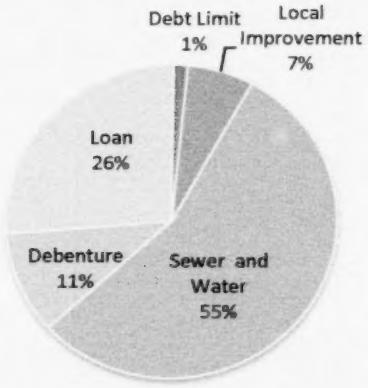


FIGURE 5

Figure 6 illustrates approvals and authorizations of the Local Government Committee by type of local authority for 2015.

Applications Received by Local Authority

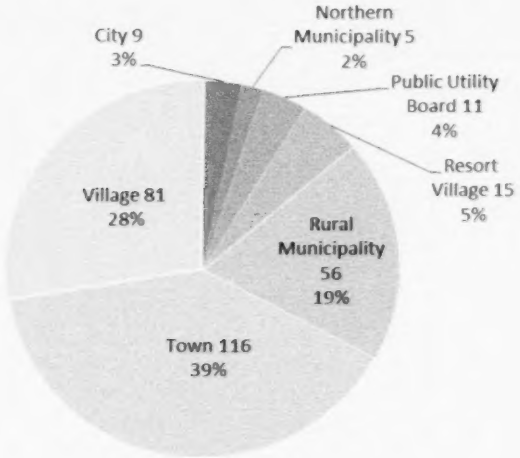


FIGURE 6

The Board is also responsible to establish the debt limit for the cities in the province. Total city debt limit established as of December 31, 2015, is $1.53 billion.

Figure 7 shows the incremental debt limit from the last three years where large increases in debt limit applications were received from the cities of Regina and Saskatoon during 2013 and 2014 respectively.

Debt Limit

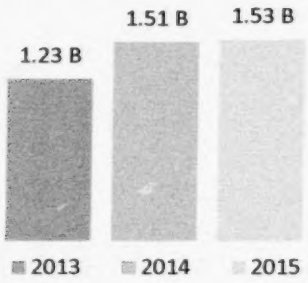


FIGURE 7

Assessment Appeals Committee

Major Activities

- Hear and determine assessment appeals pertaining to the tax exempt status and assessed values of real property, local improvement assessments, and conservation and development area authority assessments.
- Hear direct appeals with respect to industrial or commercial properties exceeding $1 million in assessed value, where the appellant, the board of revision, and the municipality have agreed to proceed in this manner or where an application for leave to consolidate appeals has been granted.
- Provide advice and support to stakeholders with the appeal application and process.

The purpose is to provide a second level of appeal to applicants, municipalities, as well as conservation and development area authorities, where they are not satisfied with decisions of the local board of revision.

The Committee strives to hear appeals within a reasonable time of receipt of a notice of appeal, taking into consideration the availability of the parties. Where practical, appeals with similar issues are grouped and heard at the same time.

Revaluation cycles are four years in Saskatchewan, with 2013 being the first year of the current cycle.

The number of assessment appeals by year three of the 2013 revaluation cycle is more than double the number received by year three in the 2009 revaluation cycle.

In addition to the greater number of appeals, the Committee is working to address the number of outstanding appeals waiting to be heard. The primary reason of the lateness of these hearings is the timing of receipt of the appeals.

In 2013, a number of municipalities received extensions for the board of revision. As shown in Figure 8, of the 345 appeals the Committee received, 169 appeals (49%) were in the last quarter of 2013 and 42 appeals (12%) were not received until 2014 or 2015.

As a result of the increase in volume and delayed receipt, 217 appeals remain to be heard as of December 31, 2015.

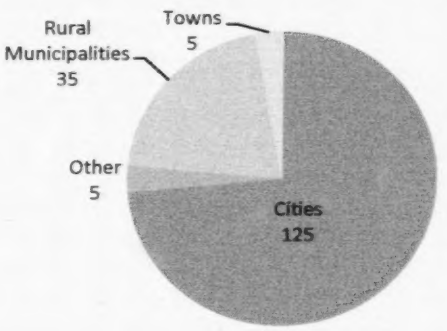
Figure 9 shows the status of the outstanding assessment appeals. Only nine appeals are from 2013, and the rest are from 2014 and 2015. The majority of these outstanding appeals (73%) is waiting for Higher Courts and therefore cannot be scheduled. The number of hearings may be reduced upon receipt of Higher Court decisions.

Assessment Appeals Caseload Overview	2013	2014	2015
Received	**345**	**353**	**170**
Invalid	1	11	
Withdrawn	65	76	2
Decided	223	73	4
To be heard:			
- To be scheduled	9	120	88
- Hearing scheduled	2	4	69
Heard - decision pending	8	67	7
Appealed to Higher Courts	37	2	

FIGURE 9

Of the 170 assessment appeals received in 2015, 125 or approximately 74% were for cities. Figure 10 shows the breakdown of the 2015 appeals.

Assessment Appeals Received in 2015



Note: Other includes villages, resort villages and northern municipalities.

FIGURE 10

Assessment Appeals: Period Received

	Number of Assessment Appeals Received In:					
Appeal Year	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Next Year(s)	Total of Appeals
2013	1	2	131	169	42	345
2014	4	97	193	55	4	353
2015		48	90	32		170

FIGURE 8

Fire Prevention Appeals Committee

Major Activities

- Hear and determine appeals and matters concerning fire prevention arising from orders issued by a fire inspector or commissioner or certificate for costs incurred in carrying out an order respecting fire prevention and safety.

The purpose is to provide a second level of appeal to applicants where they are not satisfied with decisions of the local board.

The Committee did not receive any appeals in 2015.

Planning Appeals Committee

Major Activities

- Hear and determine appeals relating to municipal planning and development and the subdivision of land.
- Provide advice and support to stakeholders with the appeal application and process.

The purpose is to provide a provincial level of appeal to applicants where they are not satisfied with decisions by the local development appeals board or an authorized subdivision approving authority. Also, to provide an avenue for appeals where there is no local development appeals board.

The Committee strives to hear appeals as soon as practical upon receipt of a complete application, giving consideration to the construction season.

Where legislation permits, the Committee attempts to facilitate an agreement between the affected parties prior to a formal hearing.

Figure 11 shows the status of the outstanding appeals and a historic review of the caseload of the Committee.

Planning Appeals Caseload Overview	2013	2014	2015
Received	**26**	**34**	**36**
Invalid	3	3	3
Withdrawn	6	6	7
No Jurisdiction	1		
Awaiting information			4
Decided	16	24	14
To be heard		1	7
Heard - decision pending			1

FIGURE 11

Municipal Boundary Committee

Major Activities

- Review applications for the alteration of municipal boundaries or the amalgamation of municipalities.
- Provide advice and support to stakeholders with the application and process.

The purpose of reviewing applications is to facilitate an agreement between the affected parties or, where this cannot be accomplished, to hear and decide on the proposed alteration.

The full-time members of the Board and part-time members from the Saskatchewan Urban Municipalities Association and Saskatchewan Association of Rural Municipalities make up this Committee.

Following receipt of a complete application and proof that mediation has occurred, the Committee hears and decides within a legislated four month timeframe.

Decisions are based on *The Municipal Board Act,* which outlines the matters the Committee shall take into consideration respecting boundary disputes.

During 2015, the Ministry of Government Relations developed the Principles for Financial Settlements between Municipalities for Boundary Alterations document that will be used as a guideline by the Committee.

In 2015, the Committee received three applications two were invalid and one was withdrawn.

Road Maintenance Agreement Committee

Major Activities

- At a first level, hear and determine applications relating to road maintenance agreements including the terms of the proposed agreement as well as whether or not an agreement is required.
- Where the parties have entered into an agreement, any issue involving any matter governed by the agreement.
- Provide advice and guidance to the municipalities and the haulers regarding the determination process.

In 2015, the Committee received three applications. One was invalid, one was withdrawn and the other one was heard and decided in 2015.

Figure 12 shows the status of the outstanding appeals and a historic review of the past three years of the caseload of the Committee.

Road Maintenance Agreement Caseload Overview	2013	2014	2015
Received	**8**	**16**	**3**
Invalid	1		1
Withdrawn	3	14	1
No Jurisdiction	1	2	
Decided	3		1

FIGURE 12

Board of Revenue Commissioners

The Board of Revenue Commissioners (BRC) is established pursuant to subsection 13(1) of *The Revenue and Financial Services Act*. Full-time members of the Saskatchewan Municipal Board act as members of the BRC and are responsible to the Minister of Finance.

Major Activities

- At a first level, hear and determine appeals regarding taxes due or assessed in accordance with any provincial taxing authority as well as any other monies claimed to be due and payable to the Crown.
- Approval of any write-off or cancellation of monies owing to the Crown.

Figure 13 shows the status of outstanding BRC appeals.

BRC Caseload Overview	2013	2014	2015
Received	**23**	**15**	**15**
Withdrawn	18	7	4
No Jurisdiction	1		1
Awaiting information	1	2	3
Decided	2	2	
To be heard	1	4	7

[1] These appeals are generally in the process of negotiations or audit in progress.

FIGURE 13

Figure 14 shows the write-offs and cancellations approved by the BRC.

	2013		2014		2015	
	No.	$'s	No.	$'s	No.	$'s
Cancellations	14	1,476,488	19	1,140,070	12	151,670
Write-Off's	38	11,722,411	28	2,602,937	40	11,059,022
TOTAL	52	13,198,899	47	3,743,007	52	11,210,693

FIGURE 14

Summary of Hearings and Decisions Issued in 2015

Appeals with the same issues may be grouped for the purpose of hearing and issuing a decision. Figure 15 summarizes the number of hearings held and decisions issued in 2015 and the number of appeals dealt with.

	Hearings		Decisions Issued	
	No.	No. of Appeals	No.	No. of Appeals
Heard and issued in 2015*	103	317	91	216
Heard prior to 2015; issued in 2015			20	53
Total	103	317	111	269

*12 decisions (101 appeals) to be issued in 2016

FIGURE 15

Figure 16, outlines the number of decisions released in each year.

Total Number of Decisions Released per Year

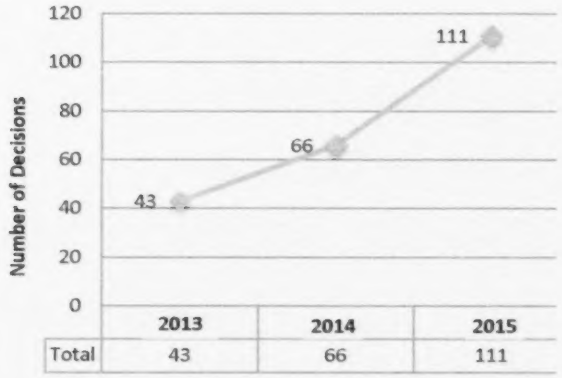


FIGURE 16

Summary of Matters Appealed to Court of Queen's Bench or Court of Appeal

In 2015, 12decisions of the Board were appealed to the Court of Appeal and none were appealed to Queen's Bench.

Figures 17 and 18 show the status of appeals submitted to the higher courts.

	2015	
	No.	Status
Assessment Appeals	12	3 - Awaiting the hearing 2 - Awaiting leave application decision 3 - Applications denied 1 - Abandoned/withdrawn 3 - Leave granted

FIGURE 17

	Prior to 2015	
	No.	Status
Assessment Appeals	1	Granted leave, awaiting decision
Board of Revenue Commissioners	1	Awaiting leave application decision
Planning Appeals	1	Granted leave, awaiting decision

FIGURE 18

Goals for 2016

The Board made significant strides in 2014 and 2015 towards *keeping Saskatchewan Strong* by focusing on government's goals of "meeting the challenges of growth" and "Delivering responsive and responsible government."

While continuing to maintain the results achieved to date with timelines of decisions and approvals, the Board's focus for 2016 will be on increasing the number of appeals heard while reducing the time from receipt to resolution and continue to implement technology that will support the work of the Board and their stakeholders.

Key actions to complete in 2016 include:

Reduce Overall Appeal Timelines

- Investigate innovative methods to resolve appeals.
- Investigate and implement case management and mediation procedures to resolve and reduce issues prior to hearings.
- Develop and implement new procedures to reduce the number of hearings required to resolve appeals.
- Revise application forms to provide more specific and meaningful information.
- Continue to access professional development to support continued progress.
- Continue to dialogue with stakeholders to discuss issues, proposed changes and provide opportunities for input.

Technology

- Share BoardEffect technology with stakeholders to align hearing documents.
- Maximize efficiencies with ProLaw (case management) including redefining processes.
- Continue to investigate technological solutions to streamline processes.
- Create tools and online resources to enhance stakeholder experience.
- Update website and create value added features.

Supporting Goals: Continue to Enhance Customer Service and Stakeholders Relations

- Continue to meet with executives and attend conferences and annual meetings of stakeholder organizations.
- Explore opportunities to partner with organizations to provide training and information sessions for their members.
- Continue to involve organizations in the rollout and implementation of new forms and procedures.
- Expand the distribution of the customer satisfaction survey to other committees.

2015 Financial Overview

Financial Results

Total 2014-15 expenses for the Board were $1.66 million, representing a variance of $93 thousand under the approved appropriation. The variance resulted from lower than anticipated system and consulting costs due to delayed implementation and lower than anticipated salaries due to vacancies.

The total 2014-15 revenues were $69.7 thousand, a variance of $9.7 thousand above budget. The variance is primarily due to greater than anticipated level of hearings held and a lower than anticipated number of debenture authorization fees.

Statement of Expenditure

	Actual 2014-15	Budget / Estimate 2014-15	Variance Over/(Under)	Note
	In thousands of dollars			
Salaries	$ 1,228	$ 1,294	$ (66)	[1]
Operating Expenses	432	459	(27)	[2]
TOTAL	**$ 1,660**	**$ 1,753**	**$ (93)**	

Explanations of Variances - Notes

[1] - Lower than anticipated salaries due to vacancies.

[2] - Higher than budgeted professional development expenses and lower than anticipated system and consulting costs due to delayed implementation and lower than anticipated rental costs.

Statement of Revenue

Description of Revenue	Actual 2014-15	Budget / Estimate 2014-15	Variance Over/(Under)	Note
Filing Fees	$ 37,850	$ 21,000	$ 16,850	[1]
Debenture Authorizations	28,749	35,000	(6,251)	[2]
Debenture Forms	2,850	4,000	(1,150)	
Personal Phone Call Reimbursement	264	-	264	
TOTAL	**$69,713**	**$ 60,000**	**$ 9,713**	

Explanations of Variances - Notes

[1] - Higher than anticipated level of hearings held. Filing fees are treated as conditional receipts until the finalization of the appeal. Appellants that are successful in their appeal or withdraw their appeal have the fee refunded to them. Where the appellant is not successful in their appeal, the filing fee is transferred from conditional receipts to revenue.

[2] - Lower than anticipated number and dollar value of debentures issued.

Financial Accountability Statement

The Board is responsible for ensuring:

- public accountability for Government finances entrusted to the Board;
- fiscally responsible management of its resources and financial affairs;
- compliance with existing legislation and regulations;
- systems and controls are in place to safeguard public assets; and
- results are reported to the public and the legislature.

There are a number of external controls in place to monitor responsibilities. These include:

Audited Results - The Provincial Auditor's Office has legislative responsibility to audit the Board in conjunction with the Ministry of Government Relations audit. Audit conclusions are published in a report to the Legislative Assembly of Saskatchewan. If a deficiency is reported by the Provincial Auditor, the Board may be called to appear before the Public Accounts Committee of the Legislature.

Accountable to Legislature - The Board's annual budget is detailed in the Saskatchewan Provincial Budget Estimates. The Board is called to appear before a Legislative Committee to defend the Board's budget estimates.

Public Reporting - Expense and revenue details as they pertain to the Board are published in the Board's Annual Report and included with the Ministry of Government Relations in the Public Accounts volumes 1 and 2.

For More Information

Additional information about the Saskatchewan Municipal Board is available at www.smb.gov.sk.ca and the Board of Revenue Commissioners is available at www.gov.sk.ca/BRC.

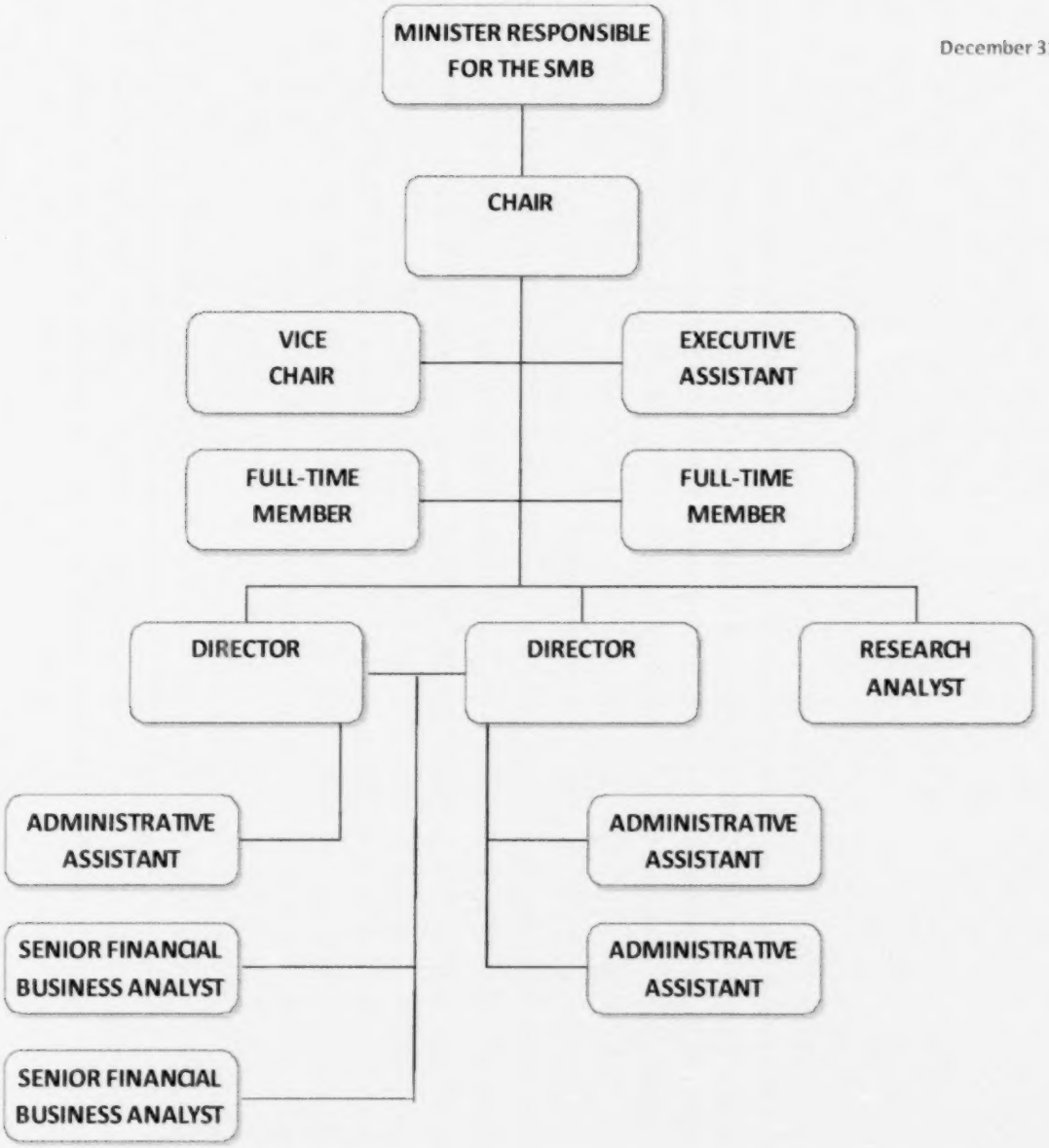
The website includes general and detailed information about the Board, its key services and legislation for which the Board is responsible.

For more information about the Board, or to provide feedback about our 2015 Annual Report, please contact us at:

Phone:	(306) 787-6221
Email:	info@smb.gov.sk.ca
Mailing address:	Saskatchewan Municipal Board 480 - 2151 Scarth Street REGINA SK S4P 2H8

Appendices

Appendix 1 - Organizational Chart



Appendix 2 – Legislation

The Board fulfills its mandate through a number of acts and their associated regulations. Enabling legislation is listed below:

The Assessment Management Agency Act
The Cities Act
The Conservation and Development Act
The Education Act, 1995
The Fire Prevention Act, 1992
The Global Transportation Hub Authority Act
The Local Improvements Act, 1993
The Municipal Board Act
The Municipalities Act
The Northern Municipalities Act, 2010
The Planning and Development Act, 2007

The Board has authority to approve or determine matters under several other acts; however, applications and/or appeals under these acts are not often received.

The Board fulfills its mandate as the BRC through the following enabling legislation:

The Corporation Capital Tax Act
The Crown Minerals Act
The Fire Prevention Act, 1992
The Freehold Oil and Gas Production Tax Act, 2010
The Fuel Tax Act, 2000
The Liquor Consumption Tax Act
The Mineral Taxation Act, 1983
The Provincial Sales Tax Act
The Revenue and Financial Services Act
The Tobacco Tax Act, 1998

There are seven other acts the BRC has authority to approve or determine matters under; however, appeals pursuant to these acts are not often receive